STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Suspension or Revocation of the Licenses to Conduct Gambling Activities of:	)	No. CR 2012-01343 *No. CR 2013-00171*
M&R Euroimport, d/b/a Classic Island Casino Kennewick, Washington,	)	***AMENDED*** **NOTICE OF ADMINISTRATIVE CHARGES AND OPPORTUNITY FOR ADJUDICATIVE PROCEEDING** ***(Amendments appear in italics and strikeouts)***
Licensee.	)	

I.

The Washington State Gambling Commission issued M&R Euroimport, d/b/a Classic Island Casino, organization number 00-18364, the following license:

- Number 05-09990, Authorizing Class "C" Punchboard/Pull-Tab activity; and
- Number 67-00171, Authorizing House Banked 15 activity.

The licenses expire on June 30, 2013, and were issued subject to the licensee's compliance with state gambling laws and regulations.

II.

David Trujillo, ~~Rick Day~~, *Interim* Director of the Washington State Gambling Commission, charges the licensee with the following violations of the Washington State Gambling Act, 9.46 RCW, and WAC Title 230:

SUMMARY:

M & R Euroimport, doing business as Classic Island Casino (Classic), failed to pay required gambling taxes to the City of Kennewick. As a result, the City has petitioned the Commission to take administrative action against Classic Island Casino. *Classic Island Casino also failed to pay the full amount of the second half payment for its gambling licenses.*

FACTS:

1) On September 28, 2012, a Washington State Gambling Commission Special Agent (agent) was assigned the license file for Classic to investigate their failure to pay required gambling taxes.

2) On October 1, 2012, the Commission staff received a letter from the City of Kennewick indicating that Classic had failed to make required gambling tax payments. The letter documents the City's attempts to collect the past due gambling taxes due, as follows:

- On February 14, 2012, the City of Kennewick sent a Notice of Violation to Classic for failure to pay gambling taxes in accordance with the Kennewick Municipal Code. Classic was notified they had ten days to pay or face revocation of their business license. Classic paid the taxes owed by the deadline.

- On March 9, 2012, the City of Kennewick sent another Notice of Violation of the same nature as the February letter. Classic paid the owed money by the deadline.

- On September 5, 2012, the City of Kennewick sent another Notice of Violation of the same nature as the February and March letters. The City also provided a copy of the Kennewick Municipal Code regarding hearings. Classic ultimately failed to pay the owed money by the ten-day deadline.

- On September 14, 2012, legal counsel representing Classic sent a letter to the Kennewick Police Department requesting a hearing to address the gambling taxes owed.

- On September 26, 2012, the City issued Notice of Revocation - Final Order. The letter states, "In accordance with the provisions of Kennewick Municipal Code 6.01.120 (2)(c), a special hearing regarding the business license revocation was scheduled for Monday, September 24, 2012. We were notified in writing on September 24th that the business had suspended operations that day. The Classic Island Casino employee who delivered the notification also verbally informed the City that no representative of the business would be attending the hearing." The letter noted that the order to revoke the business of Classic Island was final.

- On September 27, 2012, the City sent a written request to Commission staff for revocation of Classic's gambling license. They reported:

    - The City required monthly reporting and payment for card room activity and quarterly reporting for punchboard/pull-tabs. Classic Island is delinquent for the months of June, July, and August for card room activity.
    - Punchboard/pull-tab activity is delinquent for the month of June. With penalties and interest, it is estimated that they owe approximately $60,000 for these activity periods.
    - The 3rd quarterly activity for punchboard/pull-tab taxes will be due the end of October in addition to September's card room taxes. With their close of business on September 24th, it is estimated that an additional $15,000 will be owed through close of business for an estimated total of $75,000 due to the City.

3) The letter also reported that the City has requested the accounting office for Classic provide activity information for July and September so that they can accurately calculate taxes due. Classic had failed to respond as of September 27, 2012.

4) The City of Kennewick also provided the Commission with a letter from the owner of Classic, Jim Bakunowicz, which stated that Classic had lost its lease and was in the process of moving.

5) As of October 5, 2012, the delinquent taxes had not been paid, and the matter had been turned over to a collection agency.

6) *On January 22, 2013, an agent met with Jim and Regina Bakunowicz to discuss the current status on their gambling taxes for Cadillac Island Casino, another card room they own. During this meeting, the agents reminded Mr. Bakunowicz about the money owed for the second half license payment for Classic Island Casino. Mr. Bakunowicz explained it makes no sense to pay the second half payment for a business that is closed and no longer operating.*

7) *The Assistant Director of the Licensing Operations Division sent a notice of failure to pay the second half payment and gave a deadline of February 10, 2013 to make the payment. On February 15, 2013, Ms. Bakunowicz sent Commission staff a letter and half the amount due on the second half payment. Commission staff received it on February 20, 2013. The rest of the payment is still due for Classic Island.*

VIOLATIONS:

RCW 9.46.075 Gambling commission — denial, suspension, or revocation of license, permit — other provisions not applicable.
The commission may deny an application, or suspend or revoke any license or permit issued by it, for any reason or reasons, it deems to be in the public interest. These reasons shall include, but not be limited to, cases wherein the applicant or licensee, or any person with any interest therein: (The following subsections apply.)

(1) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the commission pursuant thereto, or when a violation of any provision of chapter 9.46 RCW, or any commission rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control;

(8) Fails to prove, by clear and convincing evidence, that he, she or it is qualified in accordance with the provisions of this chapter;

WAC 230-05-015 Two-part payment plan for license fees.
(The following subsections apply.)

(1) If you are renewing an annual license or applying for an additional license, you may pay the license fee in two payments if:
(a) You elect to participate; and
(b) The license fee is at least eight hundred dollars; and
(c) You pay an administrative processing fee as set out in WAC 230-05-020 or 230-05-030, plus one-half of the annual license fee at the time of application or renewal.

(2) We issue licenses under the two-part payment plan with an expiration date of not more than one year and a second-half payment:
(b) If you fail to submit the second-half payment on or before the due date, the license expires and gambling activities must stop.

WAC 230-03-085 (1), (3), and (4) Denying, suspending, or revoking an license or permit
We may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization:
(The following subsections apply.)

(1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level.

(4) Has failed to pay gambling taxes to local taxing authorities and the local taxing authority has petitioned us to take action.

The licensee's repeated failure to pay local gambling taxes to the City of Kennewick demonstrates its willful disregard for complying with local ordinances. *Classic Island also failed to pay the full amount of the second half payment, in violation of WAC 230.05.015.* Therefore, grounds exist to suspend or revoke M&R Euroimport, d/b/a Classic Island Casino's licenses under RCW 9.46.075(1), and (8) and WAC 230-03-085(1), (3) and (4).

\\\

\\\

\\\

\\\

\\\

III.

Jurisdiction of this proceeding is based on 9.46 RCW, Gambling, chapter 34.05 RCW, the Administrative Procedure Act, and WAC Title 230.

The licensee will have the opportunity to have a hearing on the alleged violations.

In order to have a hearing or discuss settlement options, the enclosed REQUEST FOR HEARING must be COMPLETED AND RETURNED to the Gambling Commission *within 23 days* from the date of the mailing of this notice.

Based on RCW 34.05.440, failure to return this document will result in the entry of a default order REVOKING your licenses.

STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

David Trujillo, ~~Rick Day~~, being first duly sworn on oath, deposes and says: That he has read the foregoing Notice of Administrative Charges and Opportunity for Adjudicative Proceeding, knows the contents thereof, and believes the same to be true, and that he is the *Interim* Director of the Washington State Gambling Commission and in that capacity has executed said Statement of Charges.

David Trujillo
DAVID TRUJILLO, INTERIM DIRECTOR

SUBSCRIBED AND SWORN TO before me this 8 day of March, 2013.

Maureen Pretell
NOTARY PUBLIC in and for the State of Washington residing at: Thurston County
My commission expires on December 2, 2015

MAUREEN PRETELL
COMMISSION EXPIRES
NOTARY
PUBLIC
DEC. 2, 2015
STATE OF WASHINGTON

STATE OF WASHINGTON)
)
COUNTY OF THURSTON)

I certify I have this day served a copy of the document upon all parties of record in the proceeding by mailing a copy, property addressed with postage prepaid, by regular and certified mail to each party to the proceeding or his or her attorney or authorized agent.

Dated at Olympia, Washington this 8 day of March, 2013.
Maureen Pretell